

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF SALYERSVILLE)	
GAS COMPANY, OF MAGOFFIN COUNTY,)	
KENTUCKY, FOR (1) A CERTIFICATION)	
OF PUBLIC CONVENIENCE AND NEC-)	
CESSITY TO CONSTRUCT AND OPERATE)	
A NEW NATURAL GAS DISTRIBUTION)	
SYSTEM AT SALYERSVILLE, KENTUCKY,)	CASE NO. 8652
(2) APPROVAL OF THE PROPOSED PLAN)	
OF FINANCING OF SAID PROJECT AND)	
(3) APPROVAL OF PROPOSED GAS RATES)	
TO BE CHARGED BY THE COMPANY TO)	
THE NATURAL GAS CUSTOMER)	

O R D E R

On September 20, 1982, Salyersville Gas Company ("Salyersville") filed an application for approval of the financing and construction of a \$383,358.50 natural gas distribution project for Salyersville, Kentucky, and environs. This initial project will provide natural gas service to 410 customers the first year. Salyersville further requested approval of rates for service after completion of construction.

The proposed financing included \$160,000 from stock subscription, and \$250,000 long-term financing from Salyersville Bank and Citizens Bank of Paintsville.

The initial phase of the proposed construction has been designed by Salyersville to serve the City of Salyersville and environs; however, proper line size and volume have been incorporated into the design specifications to allow for future additions to the system.

The plans and specifications for the proposed construction have been designed by William L. Hinkle, who is a registered Professional Engineer in the State of Kentucky.

A hearing was held October 8, 1982, in the offices of the Public Service Commission at Frankfort, Kentucky. There were no intervenors, and no protests were entered.

TEST PERIOD

This is a proposed rather than an operating utility and test year information does not exist. Estimated pro forma expenses were utilized for the determination of revenue requirements and the rates that should produce the required revenue.

PROJECTED REVENUES AND EXPENSES

Salyersville filed as an exhibit in the hearing its proposed rates. The Commission is of the opinion that the rates will produce revenues that should be sufficient to cover Salyersville's operating expenses, service its debt and provide a reasonable surplus. The Commission will monitor the actual operations of Salyersville through its Annual Report filings.

FINDINGS & ORDER

The Commission, after consideration of the record and being advised, is of the opinion and finds that:

1. Public convenience and necessity requires the construction proposed in the application and record and therefore a certificate of public convenience and necessity should be granted.
2. The submitted plans and specifications comply with all applicable regulations of this Commission.

3. Any deviations from the approved construction plans which could adversely affect service to any customer should be subject to the prior approval of this Commission.

4. The proposed borrowing of \$250,000 from the Salyersville Bank and the Citizens Bank of Paintsville with each bank making a loan of \$125,000 at an interest rate not to exceed 15 percent per annum, and the sale of corporate stock in the amount of \$160,000 is for a lawful object within the corporation purposes of Salyersville, is necessary and appropriate for and consistent with the proper performance of its service to the public by Salyersville, should not impair its ability to perform these services and is reasonably necessary and appropriate for such purposes.

5. Salyersville's plan of financing in the amount of \$410,000 should be approved.

6. A 3/4 inch x 3/4 inch meter should be the standard customer service meter and should be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter.

7. Salyersville should furnish duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed.

8. Salyersville's contract with its Engineer should require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection

should insure that the construction work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

9. Salyersville should require the Engineer to furnish a copy of the record plans and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

10. Salyersville should file with the Commission a copy of all contractual agreements for the provision of services or the purchase of services which are subject to the approval of this Commission.

IT IS THEREFORE ORDERED that Salyersville be and it hereby is granted a certificate of public convenience and necessity to proceed with the proposed construction project as set forth in the plans and specifications of record herein.

IT IS FURTHER ORDERED that any deviations from the approved construction which could adversely affect service to any customer shall be subject to the prior approval of this Commission.

IT IS FURTHER ORDERED that Salyersville be and it hereby is authorized to sell stock subscriptions in the amount of \$160,000 and to borrow \$250,000 at an interest rate not to exceed 15 percent annually from the Salyersville Bank and Citizens Bank of Paintsville.

IT IS FURTHER ORDERED that Salyersville's plan of financing in the amount of \$410,000 be and it hereby is approved. Further,

this \$410,000 in project funds shall be used only for the lawful objects of Salyersville as set forth in the application.

IT IS FURTHER ORDERED that the rates, charges and service rules and regulations proposed by Salyersville in Appendix A be and they are hereby fixed as the fair, just and reasonable rates for services to be rendered by Salyersville and shall become effective on the date that service is rendered.

IT IS FURTHER ORDERED that a 3/4 inch x 3/4 inch meter shall be the standard customer service meter and shall be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter.

IT IS FURTHER ORDERED that Salyersville shall file with the Commission duly verified documentation which shows the total cost of construction herein certificated including all capitalized cost (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed.

IT IS FURTHER ORDERED that the contract between Salyersville and its Engineer shall require the provisions of full-time resident inspector under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection shall insure that the construction work is done in accordance with the contract plans and specifications and conforms with the best practices of the construction trades involved in the project.

IT IS FURTHER ORDERED that Salyersville shall require the Engineer to furnish the Commission with a copy of the record drawings and a signed statement that the construction has been

satisfactorily completed and done in accordance with the contract plans and specifications within 60 days of the date of substantial completion of the proposed construction.

IT IS FURTHER ORDERED that Salyersville shall file with the Commission a copy of all contractual agreements for the provision of services or for the purchase of services which are subject to the approval of this Commission.

IT IS FURTHER ORDERED that within 90 days of the date of this Order Salyersville shall file its tariff sheet setting forth the rates approved herein. Further, a copy of Salyersville's operating rules and regulations shall be filed with its tariff.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agent thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 5th day of November, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8652 DATED NOVEMBER 5,
1982

The following tariffs are prescribed for the customers
in the area served by Salyersville Gas Company:

APPLICABILITY:

This tariff is in effect for all customers served along
the lines of the company in the City of Salyersville, Magoffin
County, Kentucky and environs.

AVAILABILITY:

Service is available for use by residential, commercial,
and industrial customers.

RATES:

The following rates are applicable for service rendered
on a monthly basis:

First	1 Mcf or less	Minimum Bill	\$7.00
All over	1 Mcf	per Mcf	6.07

SPECIAL CONDITIONS:

Customers with high load factor or high usage may be
served by special contract but such determination shall be
at the discretion of the company, and with the approval of
the Public Service Commission.

1. RULES AND REGULATIONS:

In addition to the Rules and Regulations prescribed by
the Public Service Commission, all gas service rendered shall
also be in accordance with the following Rules and Regulations

adopted by the Company.

2. MONTHLY CUSTOMER CHARGE:

- (1) The monthly minimum charge shall be rendered against every meter in place unless service is discontinued.
- (2) A full monthly customer charge will be rendered whenever service has been used for more than fifteen (15) days of a billing month, even if consumption of the customer is zero (0).
- (3) If service is used less than fifteen (15) days in a given billing month and any consumption is recorded, the normal billing procedure shall apply.
- (4) If service is used less than fifteen (15) days in a given billing month and no consumption is recorded, the customer will not be charged for the month.

3. CUSTOMER CLASSIFICATIONS:

Residential: Service to customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses.

Commercial: Service to customers engaged primarily in the sale of goods or services including institutions and local and federal government agencies for uses other than

those involving manufacturing or electric power generation.

(a) Small Commercial - Usage of up to 50 Mcf per day.

(b) Large Commercial - Usage of 50 Mcf or more per day.

Industrial: Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.

Contract Rate: Rate available to any customer having a special contract with the company, and with approval of the Public Service Commission.

4. CUSTOMER'S LIABILITY:

The customer shall assume all responsibility for the gas service in or on the customer's premises at and from the point of delivery of gas and for all the piping, appliances and equipment used in connection therewith which are not the property of the Company, and will protect and save the Company harmless from all claims for injury or damage to persons or property occurring on the customer's premises or at and from the point of delivery of gas occasioned by such gas or gas service and equipment, except where said injury or damage will be shown to have been caused solely by the negligence of the Company.

5. MOVING CUSTOMERS:

When a customer moves within the service area of the Company, he shall be billed out at his original location and billed in at his new location. Therefore, he may receive two bills for the month in which the move occurs.

6. REFUSAL OF SERVICE:

The Company reserves the right to refuse or to defer full service to an applicant where the existing mains are inadequate to serve the applicant's requirements without adversely affecting the service to customers already connected and being served.

7. NOTICE OF ESCAPING GAS OR UNSAFE CONDITIONS:

Immediate notice must be given by the customer to the office or employees of the Company if any escaping gas or unsafe conditions are detected or any defects or improper installations are discovered in the piping and equipment of either the Company or the customer which are on the customer's premises.

No flames or lights are to be taken near any escape of gas and the gas must be shut off at the meter cock or valve until the hazard is eliminated and the gas service is not to be turned on again except by a Company employee.

The Company will not be responsible or assume any liability for any injury, loss or damage which may arise from the carelessness or negligence of the customer or his agents or representatives.

8. TURNING OFF GAS SERVICE AND RESTORING SAME:

The gas service may be turned off at the meter when

justified by the customer or his agent or any constituted authorities but no person, unless in the employ of the gas Company or having permission from the gas Company, shall turn the gas on or restore service.

9. RENEWAL OF CONTRACT:

If, upon the expiration of any service agreement or service contract for a specified term, the customer continues to use the service, the service agreement or service contract (unless otherwise provided therein) will be automatically renewed and extended for successive periods of one year each, subject to termination at the end of any year upon written notice by either party in advance of the expiration date in accordance with the terms set forth in the service agreement or service contract.

10. ASSIGNMENT OF CONTRACT:

The benefits and obligations of any service application or contract shall begin when the Company commences to supply gas service and shall inure to and be binding upon the successors and assigns, survivors and executors or administrators, as the case may be, of the original parties thereto, respectively, for the full term thereof, provided however, that no application, agreement or contract for service may be assigned or transferred without the written consent or approval of the Company.

11. MONTHLY BILLS:

- (1) Bills for gas service will be rendered monthly unless otherwise specified. The term "month"

for billing purposes shall mean the period between any two consecutive readings of the meter by the Company, such readings to be taken as near as practicable every thirty (30) days.

- (2) Bills are due upon rendition and shall be due and payable within a period not exceeding ten (10) days after the date of mailing.
- (3) Service shall be subject to being discontinued upon proper notification by the Company if bills are not paid in full.
- (4) Failure to receive a bill does not exempt a customer from these provisions.
- (5) When the meter fails to operate, an on-the-spot settlement will be attempted, if impractical the customer will be billed on an estimated basis at the average of three (3) similar months of utilization, and the billing adjusted as necessary.

12. SPECIAL CHARGES:

- (1) Collection Charge: A charge of \$15.00 will be levied when a trip is made to collect a delinquent bill. A collection trip may be made only after written notice has been sent to the customer stating that if the bill is not paid by a certain date, the service will be disconnected.
- (2) Reconnection Charge: A reconnection charge of \$20.00 to be made by the Company and paid by the

customer before or at the time the service is reconnected, shall be assessed as approved by the Public Service Commission when:

- (a) The customer's service has been disconnected for non-payment of bills or for violation of the Commission's or Company's Rules or Regulations, and the customer has qualified for and requested service to be reconnected or,
- (b) The customer's service has been disconnected at the customer's request and at any time subsequently within twelve (12) months is reconnected at the same premise.

13. CONTINUOUS OF UNIFORM SERVICE:

The Company will endeavor to supply gas continuously and without interruption. However, the Company shall not be responsible in damages or otherwise for failure to supply gas or for any interruptions of the supply when such failure is without willful fault or neglect on its part.

The Company cannot and does not guarantee either a sufficient supply or an adequate or uniform pressure of the gas supplied and shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part.

14. PROTECTION OF COMPANY'S PROPERTY:

All meters, piping, and equipment furnished by and at the expense of the Company, which may at any time be in or on the customer's premises shall, unless otherwise expressly provided herein, be and remain the property of the Company, and the customer shall protect such property from loss or damage and no one who is not an agent of the Company shall be permitted to remove such property or to tamper with or damage same.

15. EXCLUSIVE SERVICE:

Except in cases where the customer has a special contract with the Company for reserve or auxiliary service, no other fuel service shall be used by the customer on the same installation in conjunction with the Company's service connection, either by means of valves or any other connection.

The customer shall not sell the gas purchased from the Company to any other customer, company or person, and the customer shall not deliver gas purchased from the Company to any connection wherein said gas is to be used on the premises not owned or controlled by the customer.

16. COMPANY'S EQUIPMENT AND INSTALLATION:

The Company shall furnish, install, and maintain at its expense the necessary service connection. The location of this service connection will be made at the discretion and judgment of the Company.

The Company will furnish, install, and maintain at its

expense the necessary meter, meter stand (including meter riser), regulator(s), and connections which will be located at or near the main service connection, property line or near the building, at the discretion of judgment of the Company. Whenever practical, in the judgment of the Company, the location will be as near the supply main as possible and outside of buildings. Suitable site or location for the meter, meter stand, including meter riser, regulator, and connections shall be provided by the customer, and the title to this equipment shall remain in the Company, with the right to install, operate, maintain and remove same, and no charge shall be made by the customer for use of the premises as occupied or used.

17. CHARACTER OF SERVICE:

The Company will normally supply natural gas having a heating value of approximately one thousand (1,000) BTU per cubic foot and a specific gravity of approximately six-tenths (0.6). However, when necessary to supplement the supply of natural gas, the Company reserves the right, at its discretion, to supply an interchangeable mixture of vaporized liquified petroleum gas and air, or a combination of same with natural gas.

18. MEASUREMENT BASE:

The Company, utilizes the following measurement base in all service areas. The rates of the Company are based upon gas delivered to the customer on a basis of four (4) ounces per square inch above an assumed atmospheric pressure of fourteen and four-tenths (14.4) pounds per square inch, or fourteen and sixty-five hundredths (14.65) pounds per square inch absolute

pressure, at an assumed temperature of sixty (60) degrees Fahrenheit; provided, however, the Company reserves the right to correct as necessary the actual temperatures to a sixty (60) degree Fahrenheit basis in the cases of large volume customers.

All gas measured at pressures higher than standard pressure for low pressure distribution systems shall be corrected to a pressure base of fourteen and sixty-five hundredths (14.65) pounds per square inch absolute.

19. POINT OF DELIVERY OF GAS:

The point of delivery of gas supplied by the Company shall be at the point where the gas passes from the pipes of the Company's service connection into the customer's service line or pipe of the customer, or at the outlet of the meter, whichever is nearest the delivery main of the Company.

20. METERING:

Unless otherwise specified, a domestic, commercial or industrial consumer shall be interpreted to mean a customer served through an individual meter.

A multiple unit dwelling shall be interpreted to mean two or more consumers or dwelling units, such as apartments, trailers or mobile homes within a trailer park.

A master meter shall be interpreted to mean one meter servicing a trailer or mobile home park or a multiple unit dwelling; the Company reserves the right to charge a minimum monthly rate per mobile home or trailer or individual consumer within a multiple unit dwelling served through a master meter.

Anytime a master meter is used for rendering service, the Company shall require the execution of a service agreement in writing, which agreement, among other things, shall specify the number of customers served through such master meter.

21. OWNER'S CONSENT TO OCCUPY:

In case the customer is not the owner of the premises or of the intervening property between the premises and the Company's service connection, it shall be the customer's responsibility to obtain from the property owner or owners the necessary consent to install and maintain in, on or over said premises all such piping and other equipment as are required or necessary for supplying gas service to the customer whether the piping and equipment be the property of the customer or the Company.

22. DISTRIBUTION MAIN EXTENSIONS:

The Company will make extensions to mobile homes from its existing distribution mains in its service areas as follows:

In the case of mobile homes (house trailers) such extensions shall be seventy-five (75) feet or less, and in the case of residential structures other than mobile homes such extensions shall be one hundred fifty (150) feet or less.

All extensions will be made dependent on the economic feasibility of the extension. Title to all extensions covered by agreements shall be and remain in the Company and in no case shall the amount of the refunds exceed the original deposit.

Nothing contained herein shall be construed as to prohibit the Company from making at its expense greater extensions to its distribution mains or the granting of more

favorable terms than herein prescribed, should its judgment so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

23. CUSTOMER'S EQUIPMENT AND INSTALLATION:

The customer shall furnish, install and maintain at his expense the necessary customer's service line extending from the Company's service connection at the curb or property line to the meter riser at the inlet side of the meter at the building or place of utilization of the gas.

The installation of the customer's service line shall be made in accordance with the requirements of the constituted authorities and the Company's specifications covering location, installation, kind and size of pipe, type of pipe coating and method of connecting the joints of pipe. All service line owned by the customer shall have a minimum cover whenever practical of twelve (12) inches of soil and be of new material meeting the Company's specifications. Where this requirement cannot be fulfilled due to existing substructure, etc., less cover may be permitted if permission is obtained from the Company's inspector. The customer's service line shall be properly supported on undisturbed or well compacted soil, so that the pipe will not be subject to excessive external loading by the backfill. The location shall be the point of easiest access to the Company from its facilities and the Company shall be consulted and its approval obtained before the installation is made.

In the installation of the service line, the customer shall not install any tees or branch connection and must leave the trench open and pipe uncovered until it is examined by an inspector of the Company and shown to be free from any irregularity or defect. The customer shall not make any change in or interfere with his service line without the written consent of the Company.

In all cases where practical, the customer's service line shall not be installed entering a building underground but shall be brought up out of the ground with a riser and entrance made to the building through the wall or foundation a minimum of six inches (6") above the ground.

The customer shall furnish, install, and maintain at his expense the necessary housepiping, connections, and appliances and same shall be installed in accordance with the requirements and specifications of "INSTALLATION OF GAS PIPING AND GAS EQUIPMENT" as compiled and approved by the American National Standards Institute, the National Board of Fire Underwriters, the American Gas Association and other similar bodies, which is now contained in the National Fuel Gas Code (ANSI Z 223.1-1980) and any revisions thereof which are herewith incorporated by reference as a part of the Company's Rules and Regulations where applicable and when not in conflict with the requirements of the constituted authorities.

No appliances shall be used which are not of a standard design and which have not been approved by the American Gas Association or a similar or equally qualified agency.

Suitable pressure regulators shall be installed by, or at the expense of, the customer on all heating appliances and special equipment which have an hourly input of 50,000 BTU or higher; pressure regulators shall also be installed on all appliances with lower inputs where provided or recommended by the manufacturer or where necessary, at the discretion of the Company, to provide better and safer gas utilization and service.

All of the customer's service line, piping, connections, and appliances shall be suitable for the purposes thereof and shall be maintained by the customer at his expense at all times in a good, safe, and serviceable condition.

The Company shall not assume any responsibility and shall not be held liable in any way for the making of any periodic inspection of the customer's service line, piping, connections or appliances, or for the customer's failure to properly and safely install, operate, and maintain same.

PURCHASED GAS ADJUSTMENT CLAUSE

The rates authorized herein are based upon the average wholesale cost of gas per thousand cubic feet (Mcf) to the Applicant as computed upon rates of its wholesale suppliers currently in effect under Federal Energy Regulatory Commission tariffs for interstate business or under wholesale tariffs. The average wholesale cost of gas is calculated by multiplying these suppliers' rates times the respective volumes purchased from the various suppliers whose wholesale rates are referenced herein divided by the total Mcf purchased during the test period.

For the purpose of this Purchased Gas Adjustment Clause, these rates shall be considered in calculating the New Supplier Rate for future purchased gas adjustments. In the event there is a change in the average wholesale cost of gas or a supplier refund, the Applicant shall file with this Commission the following information as applicable:

1. A copy of the Federal Energy Regulatory Commission tariff or wholesale tariff effecting the change in the wholesale cost of gas and a statement relative to the effective date of such proposed change.

2. A statement setting out the details of gas purchased under the provisions of the Base Supplier Rate for the previous twelve months showing billing under the Base Supplier Rate and under the proposed revised rate applicable to this service.

3. A statement setting out the details of gas sold for the previous twelve months.

4. A balance sheet as of the end of the latest twelve-month period and a statement of operating expenses and revenues.

5. Such other information as this Commission may request for a proper determination of the purchased gas adjustment.

Upon receipt of this information, this Commission will review the effect of the revised rate on the operation of the Applicant and will issue its Order setting out the purchased gas adjustment that the Utility shall apply to its rates.

On and after the effective date of this rate schedule, if any increase or decrease is made in the Company's average wholesale cost per Mcf due to changes in the volumes purchased

from various suppliers or changes in the rates at which the Company's gas suppliers sell gas to the Company, the unit charges of the aforesaid rate schedule shall be increased or decreased by a Purchased Gas Adjustment determined as follows:

1. Gas purchases (volume) will be determined by the Company for a period of twelve calendar months ending within three months preceding the month of the effective date of the change in the average wholesale cost per Mcf. The average cost of such purchases shall be calculated at the New Supplier Rate.

2. The Base Supplier Rate shall be equivalent to the average cost of gas per Mcf as set forth in the Order in the last preceding General Rate Case. The New Supplier Rate shall be the quotient determined by dividing the said 12 months volumes into the said 12 months volumes per supplier times the current supplier rates respectively.

3. The difference per Mcf determined by deducting the Base Supplier Rate from the New Supplier Rate shall be added to the retail rate per Mcf set forth in the Order in the last preceding General Rate Case to determine the revised rate per Mcf to be applied to sales on and after the requested effective date.

In the event the Company receives from any supplier a refund of amounts paid to that supplier in respect of a prior period, the Company shall firstly apply the refund amount as an offset to any amounts due the Company as represented by a debit balance in the account, Purchased Gas Refunds Payable to

Customers. After eliminating the debit balance in the account, the Company shall apply to the Commission for authority to refund the remaining balance and upon receipt thereof make adjustment on the amounts charged to its customers under the provision as follows:

1. The "Refundable Amount" shall be the amount received by the Company as a refund less the amount applied to the account, Purchased Gas Refunds Payable to Customers, to offset amounts due the Company. Such Refundable Amount shall be divided by the Mcf of gas that the Company estimates it will sell to its customers during the four-month period commencing with the first day of the month following receipt of the refund, thus determining a "Refund Factor."

2. Effective with meter readings taken on and after the first day of the second month following receipt of the refund, the Company will reduce by the Refund Factor so determined the tariff rates that would otherwise be applicable during the period. Provided, however, that the period of reduced Purchased Gas Adjustment will be adjusted, if necessary, in order to refund as nearly as possible the Refundable Amount.

3. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

<u>Supplier</u>	<u>Rates per Mcf</u>
Cobra Oil and Gas, Inc.	\$3.10

BUDGET PAYMENT PLAN

A budget plan is available for the convenience of its customers. The plan is designed to help equalize payment for gas service over a period of months, normally May through April. On the last month of the budget payment period (April), appropriate adjustments shall be made relative to any difference in the customer's total payments and actual usage billing amounts. Any resultant overpayment shall be refunded on the April bill or future bills thereafter until refunded. Any resultant underpayment shall appear on the April bill and be due with the payment of such bill. The customer's accounts will be reviewed periodically and the monthly payment amount may be adjusted during the budget period. The Company shall designate the budget payment amount.

To be accepted as a budget customer, the account balance must be paid in total before the customer is put on the budget payment. It is understood that this budget payment plan will continue until the customer notifies the Company in writing or by telephone to discontinue the plan or the customer defaults in payment of such plan.

After twelve (12) months of service ending in April, a customer may be placed on the budget plan.

LOCAL FRANCHISE FEE OR TAX

There shall be added to the customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, or other similar fee or tax

now or hereafter agreed to or imposed upon the Company by local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax is based upon a percentage of the gross receipts, net receipts, or revenues of the Company. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee or tax. Where more than one such fee or tax is imposed, each of the charges or taxes applicable to each customer shall be added to the customer's bill as separately identified items.